

Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
----- 041445

P R 100645Z MAY 76

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC PRIORITY 6922

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY TRIPOLI

C O N F I D E N T I A L TEHRAN 4694

EXDIS

E.O.11652: GDS

TAGS: ENRG, OPEC, IR

SUBJ: MINISTER OF INTERIOR AMOUZEGAR'S CONVERSATION WITH
FEA ADMINISTRATOR ZARB ON OIL PRICES

REF: JIDDA 3264

1. MININT AND OPEC REP AMOUZEGAR AND FEA ADMINISTRATOR ZARB
DISCUSSED BRIEFLY MAY 9 UPCOMING BALI MEETING OF OPEC AND WHAT
WAS LIKELY TO TRANSPIRE WITH RESPECT TO OIL PRICES. AMOUZEGAR
STATED THAT HE WAS NOT AT ALL SURE WHAT LINE OPEC WOULD TAKE.
HE ADMITTED THAT HE WAS FAMILIAR WITH MINPET YAMANI'S VIEWS
AS EXPRESSED IN REFTEL SINCE THEY HAD BEEN WIDELY ADVERTISED
IN PRESS. AMOUZEGAR SAID THAT IRAN WOULD PROBABLY OCCUPY
ITS TRADITIONAL POSITION BETWEEN THE PRICE EXTREMISTS
AND THE PRICE MODERATES. HE POINTED OUT THAT THERE WERE
TWO POSSIBLE COURSES WHICH OPEC MIGHT FOLLOW: (A) GO
FOR A MODERATE PRICE RISE AT BALI FOLLOWED BY ANOTHER MODEST
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PRICE RISE AT THE END OF THE YEAR; (B) FREEZE CURRENT

PRICES UNTIL THE END OF THE YEAR THEN GO FOR A LARGER HIKE AT THAT TIME. HE SAID THAT IRAN WOULD OPPOSE ANY EXCESSIVE PRICE RISE AT BALI, LATER IDENTIFYING "EXCESSIVE" AS BEING "15 OR 20 PERCENT". HE DID NOT GIVE THE IMPRESSION, WHICH YAMANI APPARENTLY DID PER REFTEL, THAT OPEC MEMBERS WERE NEAR ENOUGH IN ACCORD THAT ONE COULD BE FAIRLY CONFIDENT OF THE OUTCOME AT BALI.

2. THROUGHOUT THIS PART OF CONVERSATION, IN FACT THROUGHOUT ENTIRE CONVERSATION, AMOUZEGAR WAS OUTSPOKEN YET MODERATE IN HIS STATEMENTS. THERE WERE NO PYROTECHNICS AS THERE HAVE BEEN ON OTHER OCCASIONS WHEN OIL PRICES HAVE BEEN DISCUSSED. IRAQ, ALGERIA, AND LIBYA APPEAR TO CONTINUE IN THE MIND OF AMOUZEGAR AS THE RADICALS ON PRICES. SAUDI ARABIA IS CLEARLY THE MOST MODERATE.

3. COMMENT: BASED ON THIS FRANK DISCUSSION BETWEEN MESSRS. AMOUZEGAR AND ZARB, IT WOULD BE TRICKY TO PREDICT WHAT THE OUTCOME AT BALI WILL BE. THE ONLY STRAW IN THE WIND IS THAT AMOUZEGAR DID NOT GIVE THE IMPRESSION THAT HE INTENDS TO FIGHT, BLEED AND DIE FOR A PRICE HIKE NOW.
HELMS

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